

**Easterling, Deborah**

235386

**From:** Easterling, Deborah  
**Sent:** Monday, March 05, 2012 10:37 AM  
**To:** 'Leslie Hendrix'  
**Subject:** RE: Protest Letter Docket 2007-286-WS

Dear Ms. Hendrix,

This is to acknowledge receipt of your email to the Public Service Commission. I am forwarding your email, Letter of Protest and Exhibit to our Clerk's Office for processing. Your email, Letter of Protest and Exhibit will become a part of Docket No. 2007-286-WS and will be posted on our website under this docket.

Please let me know if you should require any additional information.

Sincerely,

Deborah Easterling  
Administrative Assistant

**From:** Leslie Hendrix [<mailto:leslieahendrix@gmail.com>]  
**Sent:** Thursday, March 01, 2012 8:30 PM  
**To:** Contact  
**Subject:** Protest Letter Docket 2007-286-WS

Good Morning,

Please find attached a letter of protest (and an exhibit) referencing and protesting claims made in direct testimony spoken during the hearing on remand (January 17, 2012). Would you please post this to docket 2007-286-WS or forward to the Commissioners?

Thank you,  
Leslie Hendrix  
125 Dutch Point Road  
Chapin, SC 29036

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Dear Commissioners,

Thank you for your continued dedication to docket 2007-286-WS and regulation of privately owned utilities in SC, in general.

This letter is a follow-up regarding testimony (by Steven Lubertozi pertaining to my previous letter of protest questioning "capital improvements" in Dutchman Shores) at the hearing for the case on remand, held January 17, 2012.

It is important to note that although SC ORS conducted the required audit of claimed expenditures for docket 2007-286-WS, this audit did not include the Dutchman Shores subdivision. In a meeting I had with SC ORS personnel, the auditor for ORS explained that a sample of claimed capital improvements are scrutinized. This is not a random sample. The sampling procedure (according to the ORS auditor) is the following: the capital improvements with large expenditures are always included in the audit and then a few of the smaller expenditures are chosen in a non-random fashion for audit. If there are a number of unfounded claims (or incorrect amounts) is discovered, there is no procedure in place to "flag" the other claimed expenditures in the docket for further scrutiny. In any case, Dutchman Shores' water system was not a part of the audit for the 2007-286-WS docket. Therefore, Utilities, Inc. (UI) did not submit any documentation to the SC ORS for the \$55,863 claimed to be spent on capital improvements in Dutchman Shores within 2005 and 2006.

Steven Lubertozi verbally outlined the breakdown for the \$55,863 of expenditures within the Dutchman Shores system after my letter of protest raising the question of these claimed capital improvements. Receipts for these expenditures were not offered at the hearing.

I have a few concerns with the breakdown of costs outlined in Mr. Lubertozi's testimony.

Regarding \$36,611 for the "Wells and Springs" category

1. This may have just been a mis-statement, but Steven Lubertozi stated these were expenditures prior to the interconnection with the City of Columbia. If the \$36,611 spent on "Wells and Springs" was to remove facilities prior to the interconnection with City of Columbia, this would have been done in 1995, not 2005 or 2006. Any capital improvement done in 1995 should not be included in this docket.
2. Mr. Lubertozi stated that a main well building, two well houses, and a hydro tank were demolished and removed. Although I do not believe it was explicitly stated, it would make sense that the wells contained in these structures would have been abandoned at the same time. I have a major concern with the dollar amount claimed for this work, so I submitted a FOIA request to SC DHEC (Doug Kinard) to inquire about permits and any well abandonment within 2005-2006. He replied that SC DHEC was having a difficult time finding their well logs, but they asked UI staff about Dutchman Shores. UI told SC DHEC that there were 4 wells abandoned in Dutchman Shores in 2005 or 2006 and the company that did the abandonment was Bio-Tech. I then submitted a FOIA request to SC ORS asking for any invoices/receipts in the possession of ORS from Bio-Tech regarding Docket 2007-286-WS. There were no invoices referencing work done in Dutchman Shores (this was not surprising since we were not a part of the audit and so they were not required to submit these invoices to ORS). There are several reasons I question the claimed \$36,611 expenditure.

- a. The company Bio-Tech is (was) owned by UI and/or its affiliated companies and the costs claimed by Bio-Tech have been called into question during Docket 2007-286-WS previously for other invoices.
- b. I called around to several SC companies who offer well abandonment services and did an extensive Google search on the cost to abandon wells. It seems the cost for abandoning a well is between \$800 and \$1500 (turn key – including filling with gravel, capping with concrete, etc...). Costs are almost never above \$1500. UI should not have paid more than \$6,000 for abandoning these 4 wells, especially considering that they were done all at the same time, so it should have been very inexpensive (i.e. concrete and stone delivery costs aren't as high when there is only one trip involved, etc...)
- c. Hauling away and demolishing a main well house, two well houses, and a hydro tank could not have cost nearly the remainder of this claimed \$36K expenditure. According to other receipts from Bio-Tech regarding abandoning wells, they didn't charge other systems very much money. Please see exhibit A (attached), a Bio-Tech invoice outlining its charges for the demolition and removal of a well building and hydro-tank for the Oakwood system – total charge of \$1375.99. I assume Bio-Tech charged a similar amount for the Dutchman Shores system.
- d. So, if Bio-tech charged UI a high amount for well abandonment (at most \$1,500 per well, for a total of \$6,000) and a similar amount for removal of a hydro tank and well house as invoiced to the Oakwood system (\$1375.49), that leaves the removal of 2 other well houses (which should not have been higher than \$1375.49 since these were tiny little shacks), this totals to \$8750.98. Even using the high estimate for well abandonment leads to a very large discrepancy from the claimed \$36K expenditure.

Regarding the \$14,093 expenditure

1. Mr. Lubertozzi stated this expenditure was for the replacement of 350' of water main along Sylvan Drive. I submitted a FOIA request to SC DHEC for any permits for this project. SC DHEC said "according to our regional staff, the work on Sylvan Road was to replace 2" galvanized pipe with 2" PVC pipe because of the condition of the old piping. That work would not require a permit from the Department."
2. Again, I question the \$14K claimed expenditure. I have a friend who owns a plumbing contracting company that does this sort of work for a living (they are not an inexpensive outfit – they are a well-known contract plumbing company that does jobs such as this and much larger). I asked him if he could tell me how much his estimate would be if someone contracted him to replace this line. I asked him to assume there were 10 service connections along this 350' of pipe (This would be a high number of service connections considering how spread out our homes are). I also asked him to consider 2" pipe, 4" pipe, and 6" pipe (in case SC DHEC was incorrect on the size). The estimates for trenching in the new line with 10 service connections were 2": \$5,700; 4": \$6,000; 6": \$8500. Again, this is a very large discrepancy from \$14K.

Commissioners, I ask you to scrutinize these claimed expenditures for Dutchman Shores. There are no invoices and even if these projects actually occurred over the 2005 to 2006 period, the claimed expenditures seem extremely inflated.

Thank you sincerely for your time and consideration,  
Leslie Hendrix

VICTORY

# Exhibit A

# INVOICE

2/3/2006

**INVOICE #**  
**54789-1392**

000005

1964-65

**UTILITIES SERVICES OF S. CAROLINA**  
**PO BOX 4509**  
**WEST COLUMBIA, SC 29171**

**SECRET**

**UTILITIES SERVICES OF S. CAROLINA  
OAKWOOD WELL  
SYSTEM # 1392  
ANDERSON, SC**

QUANTITY		DESCRIPTION	UNIT PRICE	
1/11/03		NET 10		
		2/2/2006-Demolished building and loaded tank and hauled debris to the landfill.		
14.00		Labor - Operator & Technician	50.00	700.00
7.00		Equipment - Service Truck with Backhoe	55.00	385.00
7.00		Dump Truck	35.00	245.00
1.00		Landfill	45.49	45.49

177-1392-3072014

SUB# 1392 WATER SEWER OR BOTH CIRCLE

SUB NAME \_\_\_\_\_

ATTENDING \_\_\_\_\_

POSS. REF. PLACES \_\_\_\_\_

DATE \_\_\_\_\_

DATE RECEIVED \_\_\_\_\_

RECEIVED FEB. 14 2006

SUBTOTAL \$1375.49

TOTAL \$1375.49